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TAGS: [PARM](#) [PREL](#) [ETTC](#) [AS](#) [FR](#) [CBW](#)
SUBJECT: AUSTRALIA GROUP 2006 PLENARY MEETING, PARIS, JUNE
12 - 15, 2006

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[B](#). 2005 SYDNEY 535

Classified By: ESTH/NP COUNSELOR ROBERT W. DRY FOR REASONS 1.4 (B) (D)
(E) AND (H).

SUMMARY

[1](#)1. (SBU) The Australia Group (AG) plenary continued strengthening the Regime,s nonproliferation and export control tools. Highlights included:

- Agreement to the U.S. proposal to add three biological agents to the control list;
- Agreement to add chemical processing equipment made from niobium and niobium alloys to the chemical equipment control list;
- Agreement to move to a secure web-based information system;
- Broad support for Croatian membership, but deferral of a decision until 2007;
- Acknowledgement of Russia,s interest in AG membership, but expression of serious concerns about Russian treaty compliance and export controls;
- Agreement to continue with enhancements to the AG website as initially agreed in 2005;
- Fulsome information (intelligence) and enforcement experts exchanges that reinforced the need for continued AG action on emerging technologies. End summary.

[1](#)2. (U) The Australia Group Plenary was held in Paris, June 12-15. The meeting consisted of an opening Plenary Session, an Implementation Meeting, Information Exchange, Enforcement Officer,s meeting, and a closing Plenary Session.

(U) CHAIR,S INTRODUCTION

[1](#)3. (SBU) Australia Group Chair John Sullivan identified the AG,s commitment to UN Security Council 1540, the desire for strong information, export, and enforcement components of the Plenary, and a focus on biological security and intangible technology as the key areas for this year,s meeting.

(U) PLENARY SESSIONS

[1](#)4. (C) Opening Statements. Ukraine made an opening statement expressing its strong commitment to AG nonproliferation commitments. The United States made an opening statement outlining U.S. priorities for the Plenary. In addition, del thanked Australia for all their efforts related to the AG, as well as the former U.S. head of delegation Vann Van Diepen for contributions made over a number of years.

[1](#)5. (SBU) Australia Group and International Conventions. The Netherlands presented a paper on the activities of the Organization for the Prohibition of Chemical Weapons (OPCW). Specifically, it noted the slow progress on of chemical weapons (CW) destruction, the one year extension of the Action Plan for National Implementation, improvement in the area of universality, limited progress in industrial issues, a new facilitation to design a payment mechanism for countries in arrears, discussion on a temporary office of the OPCW in Africa, the first annual Remembrance Day for all victims of chemical weapons attacks, preparations for the tenth anniversary of the OPCW in 2007, and the beginning of preparations for the second Review Conference in 2008. The UK made a presentation on actions taken over the past year under the Biological Weapons Convention,s Program of Work, including the third meeting of experts, the third annual meeting, and the preparatory committee meeting.

16. (C) Membership.

1A. Croatian Membership. The Plenary welcomed Croatia,s membership application, noted Croatia,s commitment to international nonproliferation efforts, and pledged to assist Croatia to strengthen some aspects of its export control system. While not yet in a position to approve Croatia,s membership application, the Group looked forward to Croatia becoming a member in the near future. (Comment: U.S. del coordinated closely with the EU and other key dels on this issue. EU Presidency rep pointed out that the EU statement called only for membership in the near future, not this year. Del received no/no criticism for the U.S. position that Croatia is not quite ready. End comment.)

1B. Russian Membership. AG members noted that while Russia was an important supplier country of AG controlled items, there are significant gaps in its export control system and ongoing questions regarding its compliance with the CWC and BWC. Several countries indicated their intention to continue bilateral work with Russia. Specifically, Canada indicated that the time was not yet right for Russian membership in the AG and stated that it is willing to work with Russia on enforcement controls as well as in the context of the Global Partnership. Japan stated that it was premature to discuss Russian membership as they have not yet submitted an application to the Group; however Japan does not believe Russia has fully implemented its CWC and BWC commitments and are concerned with Russian CBW export controls and enforcement capability. Germany welcomed Russia,s desire to comply with its CBW nonproliferation commitments and believes that the effectiveness of the regime would be improved by Russian membership only if Russia was committed to being an effective player. (Comment: In the information exchange (see septel) the UK was very critical of Russian compliance and export control performance. In informal discussions, a number of delegates who also attend MTCR, NSG and Wassenaar meetings were highly critical of Russian behavior in those meetings. In summary, U.S. position opposing Russian membership was in the mainstream. End comment.)

1C. Interest by other states. The Chair advised the group of Chile,s intention to submit a formal application to join the AG in the near future.

17. (SBU) Strengthened Outreach. The Plenary endorsed the Chair,s report on outreach activities and noted requests from Cambodia, Hong Kong, Serbia and Montenegro, and Taiwan for export control assistance. The Plenary noted the Chair,s report on outreach activities to Singapore and the UAE, as well as plans to conduct outreach to Thailand, Israel and South Africa in 2006. In addition, in light of Croatia,s desire for AG membership, the Group agreed to conduct outreach to Croatia. Canada indicated its willingness to undertake outreach to countries of the former Soviet Union. AG members reported on their own outreach activities:

1A. The EU provided an update on its CW, BW, and UNSCR 1540 joint action.

1B. Japan briefed on its activities over the last year and focus on assistance in East Asia as well as its CWC/BWC universality outreach efforts.

1C. Korea indicated that it plans to hold a transshipment seminar in Thailand in July.

1D. The U.S. flagged its outreach efforts and distributed a paper highlighting its outreach assistance.

1E. Canada briefed on its work with the G-8 Global Partnership program and efforts relevant to the AG.

1F. Argentina briefed and circulated a paper on its recent UNSCR 1540-related seminar.

18. (C) Regional Nonproliferation

1A. Asia-Pacific Regional Action Plan. Australia briefed on its outreach activities since the last Plenary, in Vietnam, Malaysia, Cambodia, and the Philippines under the Asia-Pacific Regional Action Plan. Australia has continued to undertake scoping visits and tailor the assistance and training offered to best meet the needs of the target country.

1B. Balkans Regional Action Plan. Hungary and Bulgaria reported on three seminars organized since the last Plenary in Budapest and Sofia under the Bulgarian-Hungarian Regional Action Plan for Western Balkan Countries. The seminars focused on the legislative and administrative aspects of dual-use export controls, specialized training for border customs officers, and industry outreach issues.

19. (C) Strengthening and Maintaining the Australia Group.

1A. Amendment to the AG Guidelines. The Plenary welcomed the proposal to amend the AG Guidelines to incorporate consideration of the role of distributors, brokers, or other intermediaries when evaluating export license applications. Germany, Switzerland, the Netherlands, and the ROK indicated a need to discuss this issue further during the intersessional period and suggested that the issue be revisited during the upcoming ROK brokering seminar in July.

1B. Interaction with UNSCR 1540 Committee. The Plenary agreed to enhance the Group's contacts with the UNSCR 1540 Committee and noted that future contact could usefully include a technical briefing by the Group to the Committee.

1C. AG Information System. The Plenary agreed to move to a secure web-based information system and agreed to a proposed cut-over day of 30 September for the distribution of all unclassified and AG-In-Confidence documents.

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1D. AG website. The Plenary agreed in principle to proceed with enhancements to the AG website, taking into account any content-related concerns by delegations. The Chair indicated that it would welcome any assistance with portions of the website and welcomed the translation of the website into Arabic, Russian, and Chinese.

1E. AG Trust Fund. The Plenary endorsed the Chair's request to use funds contributed to the AG by other members for continued website enhancement, updating website software, and production of an updated AG brochure.

1F. Inter-regime cooperation. The Plenary noted that while outcomes of these meetings had been limited, interaction between the regimes was a valuable mechanism to share information on meeting dates, outreach activities, and themes of common relevance.

----- IMPLEMENTATION MEETING -----

110. (C) Chemical Issues

1A. Factors for Consideration. The Plenary did not reach consensus on the proposal on Factors for Consideration for the Addition of Chemicals to the Australia Group Control List8 (AG/May06/CL/GB/26 & AG/May06/CL/CH/5). The U.S. supported the paper, noting that arms controls and nonproliferation controls must evolve as the threat evolves and the U.S. welcomes the UK/Swiss proposal as a non-prescriptive approach. Germany also supported the paper, but both France and Australia expressed concerns. On the margins, Australia met with the U.S. delegation to request support for merging the existing factors for consideration (AG/Dec92/ExC/GB/16) and those proposed by the UK and Switzerland. Additionally, France proposed a revised draft for U.S. consideration. In a meeting on the margins, deloff noted particular concerns with the revised French proposal and recommended France work with the UK and Switzerland to develop a new draft to be considered by the group intersessionally.

1B. (SBU) Niobium. The Plenary agreed to add niobium (columbium) and niobium alloys8 to the list of materials of construction for chemical production equipment that contain tantalum, titanium or zirconium, or their alloys8 (AG/May06/CL/GB/27). Specifically, the Plenary agreed to amend to the AG's common control list for chemical manufacturing facilities and equipment to add niobium (columbium) or niobium alloys8 as materials of construction to controls on reaction vessels or reactors as a.8, to agitators as b.8, to storage tanks, containers or receivers as c.8, to heat exchangers or condensers as d.11, to valves as g.8, to multi-walled piping as h.9, and to pumps as i.11.

1C. (C) Microreactors. The U.S. distributed an information paper on microreactors (AG/Jun06/Inf/USA/3). On the margins of the implementation meeting, deloff spoke with members of the German Delegation and asked them to convey the U.S. Paper on microreactors to their respective technical experts and forward any comments to the U.S.

111. (C) Biological Issues

1A. Biological list additions. The Plenary agreed to the revised U.S. proposal to add (1) *Coccidioides immitis*, (2) *Coccidioides posadasii*, and to revise the verotoxin entry to read (3) verotoxin and shiga-like ribosome inactivating proteins to the AG's Common Control List (AG/Jun06/CL/USA/11). This agreement resulted from intensive intersessional deliberation by the Biological Agents Working Group on the USG proposal to add 23 U.S. domestically controlled, Select Agents8 (AG/Mar05/CL/USA/8). The working group was chaired by USA and had representatives from Argentina, Australia, Canada, the E.C., France, Germany, Japan, Netherlands, Norway, South Korea, Spain, Sweden,

Switzerland, and the UK.

1B. Clarification of entry for *Mycoplasma mycoides*. Consensus was not reached on the UK proposal to clarify the existing entry on the Common Control List for *Mycoplasma mycoides* (AG/May06/CL/GB/25). France expressed concern with the proposal, consistent with its position during the Biological Agents Working Group. Inexplicably, France indicated that it could support the addition of two members of the *Mycoplasma mycoides* phylogenetic cluster, namely *Mycoplasma mycoides* subspecies *mycoides* SC (small colony) and *Mycoplasma capricolum* subspecies *capripneumoniae*, type strain F38. (Comment: France did not support these agents during consideration of AG/Mar05/CL/USA/8.) The UK agreed to work intersessionally with France.

1C. Fertilized egg technology. The UK briefed on fertilized egg technology to raise awareness by the Group on the potential for misuse of large numbers of fertilized eggs as growth media for viruses with BW applications. Large numbers of these eggs are exported to Iran, the DPRK, and Syria annually.

1D. Addition of oligonucleotides to the Genetic Elements language. The Plenary did not reach agreement on the last minute Canadian proposal to include oligonucleotides for sequences associated with pathogenicity of biological agents and toxins on the Common Control List (AG/Jun06/CL/C/1). New Zealand supported the proposal. The US, UK, and Sweden expressed concerns that the proposal appears to undo the 2005 consensus on the UK's definition of sequences associated with pathogenicity. Canada requested countries provide them with comments.

12. (C) Measures to combat CBW terrorism. Australia presented information on its national controls on biological agents and technology (including intangible technology transfers). Australia has developed a two tiered list relating to the hazards associated with those agents. In addition, Australia registers facilities handling listed biological agents and have an accreditation system. (Comment: The Australian system appears similar to the US's Select Agent programs.) They also conduct outreach and have criminal sanctions for non-compliance. Finally, they are developing a regulation road map called BioTracker, which is available through Biotechnology Australia. Australia is interested in sharing information on how other AG partners implement ITT.

13. (C) Further Enhancement of Implementation Measures

1A. Brokering survey and discussion paper. Australia presented two of the three papers on brokering; providing results of the survey of AG participating government's brokering controls (AG/May06/ExC/AUS/16) and the common themes and elements of best practices (AG/May06/ExC/AUS/17). Consideration of the proposal to amend the AG Guidelines to include brokering was considered during the Plenary (see paragraph 9A).

1B. Common approach to controls on exports to distributors. The Plenary reached agreement on the German proposal for a common approach to controls of exports to distributors (AG/May06/ExC/D/28). In a meeting with Germany on the margins, it was agreed that the common approach proposed by Germany was a reminder to all of delegations of best practices in dealing with issues involving distributors and did not codify or make any changes to the agreed AG guidelines. The U.S. Delegation further noted that, in its view, this proposed common approach did not represent or require any changes to existing U.S. regulations. All participants agreed with this observation and noted that the words in a manner consistent with their national law and practices, in line with the Australia Group Guidelines in the beginning of the proposed common approach and the caveat at least in cases of potential misuse or diversion in clauses (b), (d), and (e) provided the necessary flexibility.

1C. Implementation of catch-all controls. New Zealand reported that their efforts to implement AG catch-all controls was undergoing their parliamentary process. They noted that the delay in implementing these controls, due to their election process, provided them time to study the legislation and regulations of others. They also noted that they rarely export AG commodities. (Iceland rep, who attended only briefly, indicated vaguely in an informal conversation that the issue is still under consideration.)

1D. No Under-cut policy. The Plenary did not reach agreement on the last-minute Czech proposal to modify the text of the Australia Group no undercut policy which allegedly would make it consistent with other multilateral export control regimes (AG/Jun06/ExC/CZ/5). This proposal was supported by the EU (since no one in the EU Caucus objected). The U.S. indicated a need to study this proposal further. The AG Chair noted

broad support for the proposed change and the Plenary agreed that the proposal be subject to a 90 day silence procedure.

INFORMATION EXCHANGE AND JOINT SESSION

¶14. (C) Information Exchange. Forty-eight presentations were made by twelve AG member countries on chemical and biological programs; existing and emerging technologies of CBW concern, trends and developments in CBW proliferation, CBW terrorism, transshipment, supplier issues, and intangible transfers of technologies. U.S. made twenty presentations. Details of the exchange are reported septel.

¶15. (C) Joint Information Exchange/Enforcement Meeting. For only the second time a joint session of Information Exchange and Enforcement Experts was held. The focus on proliferation networks was highlighted by the presentation of Japan regarding China-Pakistan transshipments. U.S. made presentations on deemed exports, including the most recent updates to the Federal Register, and chemical weapon open source web message boards.

ENFORCEMENT MEETING

¶16. (C) The enforcement exchange provided a valuable opportunity to share experiences, discuss methods for identifying and reducing non-compliance and strengthening export controls. The 2006 Enforcement Experts session highlighted legislative arrangements necessary to cover & catch all 8 elements, the capacity to deal with the transit and transshipment of controlled items, and intangible technology transfers; the necessary legislative structure to provide effective prosecution and thereby deterrence of attempts to circumvent controls; robust and timely information exchange between members; and well developed and coordinated domestic information and intelligence regimes, particularly border controls, as required by UNSC Resolution ¶1540. Domestic and international coordination of these elements ensures that non-compliance can be dealt with in a timely and effective manner. Intangible technology transfers were discussed in detail in opening statements and in case studies.

¶17. (U) Enforcement Manual. The Canadian delegation offered to translate the Enforcement Manual into Russian to further assist the Russian attempts to meet Australia Group membership requirements. The United Kingdom will continue to voluntarily maintain the Enforcement Manual until another member country assumes the position. In the meantime, there were no changes or modifications to the manual.

¶18. (SBU) U.S. Presentations. U.S. del presented on Maine Biological, a U.S. firm illegally exporting material to Syria and on a Taiwanese case, as well as providing an overview of Exodus Command Center and the outreach program, Project Shield America.

¶19. (SBU) Other Presentations.

-- Netherlands presented on the Van Anraat case involving precursor chemicals shipped to Iraq in the 1980,s for use in production of mustard gas against Iran and Iraqi Kurds.

-- Japan summarized a UAV case and a freeze dryer case from 2002 involving transshipment through Taiwan with eventual end-use in DPRK.

-- The United Kingdom presented on the risk assessment process used in a sample case to determine whether or not a license recommendation should be approved.

-- New Zealand presented on classifying goods correctly in the HS Tariff system. This presentation presented further discussion from several member countries regarding similar problems with classifying chemicals.

-- The Republic of Korea also presented on the classification of items within HS Tariff and the use of self-determination and export licensing by Korean exporters.

-- The European Commission presented on the multiple hurdles associated with the European Customs Inventory of Chemical Substances and the problems relating to working under various countries, regulations while stressing the need for a single classification system.

(U) PRESS RELEASE

¶20. (U) The AG approved the following press release:

&Media Release
2006 Australia Group Plenary

Entering its third decade of work to stop the spread of chemical and biological weapons, the Australia Group held its annual plenary in Paris from 12-15 June. The plenary recognized the important role of the Group in forging responses to new and emerging proliferation threats, including from terrorists. Participants also considered and agreed upon a number of important measures for deepening the implementation and enforcement of national export control systems.

In response to the need to ensure that export controls keep pace with new and emerging threats, participants shared information on the development and spread of new technologies posing a potential proliferation threat. The plenary recognized the role of niobium as an increasingly key element in chemical manufacturing equipment suitable for the production of chemical weapons, and agreed to introduce controls on such equipment. Several biological agents capable of being used to produce biological weapons were also added to the control lists.

Participants undertook to take a common approach in controlling exports to distributors and agreed to hold a seminar to discuss best-practice measures to control brokering activities. Tighter controls on the activities of such intermediaries will help to combat increasingly sophisticated procurement methods used by proliferations, including terrorists. Participants also agreed to explore the possibility of labeling controlled equipment to help address the challenge of managing trade in second hand equipment.

The Australia Group welcomed the renewed mandate of the Committee established by UN Security Council Resolution 1540 and affirmed the Group's commitment to support the Committee in promoting robust global implementation of export control systems.

Increased acceptance in recent years of Australia Group measures as the international benchmark for export control standards relating to dual-use chemical and biological materials and technologies has in large part been due to the outreach activities of the Group. Acknowledging the effectiveness of targeted, regional approaches to outreach, participants agreed on outreach strategies for the coming year and exchanged information on planned activities.

The Australia Group website has proved an increasingly valuable outreach tool, and participants welcomed its availability in all official UN languages, with translations into Arabic, Chinese, and Russian now online. The meeting agreed to expand information on controlled items contained on the website in order to increase its usefulness as a reference tools for enforcement officers. Further developments to the Australia Group Information System were also agreed to facilitate increased sharing of secure electronic information among the Group.

Discussions dealing with information sharing and enforcement provided clearer insights into proliferation behavior by state and non-state actors, as well as practical measures for responding to these activities. Controlling the transfer of know-how and technical information relevant to the production of chemical and biological weapons without impeding legitimate scientific research was acknowledged as an important challenge. The plenary agreed to continue to exchange ideas and experiences relating to the implementation of controls in this area.

Participants reiterated their commitment to continue to ensure that nonproliferation export controls did not hinder legitimate trade and technical cooperation in the chemical and biological sectors.

Further information on the Australia Group's activities is available at www.australiagroup.net.⁸

PREPARATIONS FOR NEXT YEAR

21. (SBU) Suggestions from smaller nations. Since the AG annual meeting is a key source of information for export control officials from smaller countries US del sought suggestions for next year from a number of them (including Latvia, Malta, Luxembourg, Ireland, Argentina, Slovenia, Lithuania, Romania, Czech Republic, and Estonia). Several expressed particular interest in obtaining additional specific information on proliferators and other unreliable entities and additional case studies in order to improve their enforcement capabilities. The information would be welcome in either, or both, of the intelligence exchange or in the enforcement experts meetings. Interest was also expressed in information on new materials and technologies, on the possibility of guest speakers on specific hot-topic AG issues, practical information on transshipment controls,

information on watch list items for catch-all controls.

122. (SBU) Issues for a future agenda. Possible future topics for U.S. papers: (1) implementing brokering controls; (2) pandemic human influenza; (3) implementing ITT controls; (4) review catch-all denial trends;)5) disposable bioreactors; (6) labeling dual-use equipment; and (7) the used equipment market.

123. U.S. Delegation:

Robert Mikulak) Head of Delegation
Doug Brown) Department of Commerce
David Flynn - Department of Energy
Andrea Garbe) Department of State
Kristen Gass) Department of State
Scot Gonzales) Department of Commerce
Mary Hamman) Department of Homeland Security
Kelly Hartley) Department of State
Scott Hubinger) Department of Commerce
Emily Pucci) Department of State
Christian Westermann) Department of State
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